

**RELIANCE ENERGY REPORTS NET PROFIT OF Rs 177 CRORE
(US\$ 38 MILLION) FOR THE QUARTER - AN INCREASE OF 13%**

**TOTAL INCOME OF Rs 1,326 CRORE (US\$ 288 MILLION) FOR THE QUARTER,
AN INCREASE OF 22%**

CASH PROFIT OF Rs 238 CRORE (US\$ 52 MILLION) FOR THE QUARTER

NET WORTH OF Rs 8,042 CRORE (US\$ 1.7 BILLION)

EPC ORDER BOOK POSITION AT Rs 3,350 CRORE (US\$ 727 MILLION)

Mumbai, 19th July 2006: Reliance Energy Limited (REL) today announced its unaudited financial results for the quarter ended 30th June 2006. The performance highlights are:

- **Net Profit of Rs 177 crore** (US\$ 38 million) for the quarter ended 30th June, 2006, against Rs 157 crore in the corresponding previous period, **an increase of 13%**
- **Total Income of Rs 1,326 crore** (US\$ 288 million) for the quarter ended 30th June, 2006, against Rs 1,084 crore in the corresponding previous period
- **Cash Profit of Rs 238 crore** (US\$ 52 million) for the quarter ended 30th June, 2006
- **Annualised Cash Earnings Per Share (Cash EPS) of Rs 45 (US\$ 1.0)**, for the quarter ended 30th June, 2006
- **Annualised Earnings Per Share (EPS) of Rs 33.3 (US\$ 0.7)**, for the quarter ended 30th June, 2006

Net worth:

As on 30th June 2006, **the net worth of the company has increased to Rs 8,042 crore** (US\$ 1.8 billion). The Company ranks among the top Indian private sector companies in terms of net worth.

Credit Rating:

The Company remains debt free at the net level, and enjoys the top-end ratings of 'AAA' and 'Ind AAA' by CRISIL and FITCH, respectively.

Management Discussion and Analysis:

Energy Sales:

The Company's aggregate revenues from energy sales during the quarter ended 30th June 2006 was Rs 918 crore (US\$ 199 million) against Rs 783 crore in the corresponding previous period, an increase of 17%.

The aggregate sales of electrical energy were 2,229 million units during the period under review, an increase of 3.4% over the corresponding previous period.

During the period under review, the consumer base in Mumbai Supply area increased by about 0.3 lakh to 25.2 lakh consumers.

Power Generation:

(i) Dahanu Thermal Power Station

During the period under review, the Company's Dahanu Thermal Power Station (DTPS) operated at a Plant Load Factor (PLF) of 104.3% against the PLF of 102.9% achieved during the corresponding previous period.

(ii) Samalkot Power Station, Andhra Pradesh:

The Samalkot Power Plant operated at a Plant Load Factor (PLF) of 51.3%, against the PLF of 55.9% achieved during the corresponding previous period. The lower PLF was mainly on account of lower availability of gas.

(iii) Goa Power Station:

The Goa Power Station maintained a Plant Load Factor (PLF) of 9.1% during the period under review.

(iv) Wind Farm Power Project

The Wind farm operated at a Plant Load Factor (PLF) of 30.9%, against the PLF of 31.4 during the corresponding previous period.

Power Purchased:

During the period under review, the Company purchased 1,148 million units of electrical energy from external sources, which is higher by 8% compared to the off-take in the corresponding previous period.

The cost of energy purchased increased by 14% to Rs 314 crore (US\$ 68 million) during the period under review.

Financial Review:

The **total sales of electrical energy during the quarter ended 30th June, 2006 was Rs918 crore** (US\$ 199 million), against Rs 783 crore in the corresponding previous period, **an increase of 17%**.

The **turnover of the EPC and Contracts Division for the Quarter ended 30th June, 2006, was Rs237 crore** (US\$ 52 million), against Rs 166 crore in the corresponding previous period. The Division had **an order book position of about Rs 3,350 crore** (US\$ 727 million) as on 31st March 2006.

Other Income for the period under review was Rs 171 crore (US\$ 37 million), an increase of 26%, mainly representing interest income.

During the period under review, **the total income of the Company was Rs 1,326 crore** (US\$ 288 million), against Rs 1,084 crore in the corresponding previous period.

The company's **Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) increased to Rs 305 crore** (US\$ 66 million), against Rs 296 crore in the corresponding previous period, **an increase of 3%**.

The company's **EBITDA margin** during the quarter ended 30th June, 2006 works out to **23.0%**.

Interest expenditure was Rs 46 crore (US\$ 10 million), which was more than offset by higher other income of Rs 171 crore.

Depreciation was at Rs 62 crore (US\$ 13 million) as against Rs 82 crore for the corresponding previous period.

The corporate tax liability, including the deferred taxes, for the period under review was Rs 20 crore (US\$ 4.3 million), as against Rs 15 crore in the corresponding previous period.

Net profit for the quarter ended 30th June, 2006, recorded an increase of 13% to Rs177 crore (US\$ 38 million) from Rs 157 crore in the corresponding previous period.

Amalgamation of Reliance Energy Ventures Ltd:

The amalgamation of Reliance Energy Ventures Ltd. (REVL) with the Company has become effective on 17th July, 2006.

The Register of Members (equity shareholders) and transfer books of REVL will be closed from 1st August, 2006 to 5th August, 2006 (both days inclusive) for the purpose of determining the persons who will be entitled to the equity shares to be issued and allotted by the Company, in terms of the Scheme.

Background

Reliance Energy

Reliance Energy, a part of Reliance - Anil Dhirubhai Ambani Group, is India's leading private sector utility group, with aggregate estimated group revenues of Rs 10,500 crore (US\$ 2.3 billion), and total assets of Rs 10,800 crore (US\$ 2.4 billion).

The group distributes nearly 21 billion units of power to over 5 million consumers in Mumbai, Delhi, Orissa and Goa, across an area covering 1,24,300 sq. kms.

Reliance Energy generates 941 MW of power, through its power plants located in Maharashtra, Andhra Pradesh, Kerala, Karnataka and Goa.

Reliance Energy is ranked amongst India's top listed private companies in terms of all major financial parameters, including assets, sales, profits and market capitalisation.

RELIANCE ENERGY LIMITED

Registered Office: Reliance Energy Center, Santa Cruz (East), Mumbai 400 055.

Website: www.rel.co.in

Unaudited Financial Results for the Quarter ended 30th June, 2006

(Rs.in crore)

Sr. No.	Particulars	Quarter ended		Year ended
		30-06-2006	30-06-2005	31-3-2006
1	Net Sales of Electrical Energy	917.58	782.64	3,179.04
2	Income from EPC and Contracts	237.27	166.44	840.03
3	Other Income	171.12	135.36	588.81
		1,325.97	1,084.44	4,607.88
4	Total Expenditure			
	(a) Cost of Electrical Energy purchased	313.71	275.31	1,087.56
	(b) Cost of Fuel	234.33	204.69	812.10
	(c) Tax on Electricity	31.44	29.01	114.00
	(d) Cost of Materials and Sub-contract Charges (EPC and Contracts)	191.22	133.53	608.61
	(e) Staff Cost	68.55	65.31	236.55
	(f) Other Expenses and Provisions	182.19	80.34	422.98
5	Interest and Finance Charges	45.93	43.32	195.98
6	Depreciation (See Note No 2)	61.89	81.72	348.63
7	Profit before Tax	196.71	171.21	781.47
8	Provision for Taxation :			
	Current Tax	25.50	12.90	85.62
	Deferred Tax	(6.15)	0.75	(39.33)
	Fringe Benefit Tax	0.75	0.90	4.29
	Tax adjustment for earlier years	0.00	0.03	80.55
9	Profit after Tax	176.61	156.63	650.34
10	Paid up Equity Share Capital	212.36	195.36	212.36
	(Face Value Rs. 10/- per Share)			
11	Reserves including Statutory Reserves excluding Revaluation Reserves			6820.51
12	Earnings per share (On Net Profit)(* not annualised)			
	- Basic (Rs.)	8.32 *	8.16 *	32.70
	- Diluted (Rs.)	8.14 *	7.64 *	31.46
13	Aggregate of Non-Promoter Share Holding -			
	- No.of Shares	98,984,388	92,514,064	98,984,388
	-Percentage of Share holding	46.62	47.36	46.62

Interim dividend for the period (exclusive of dividend tax)

20.41

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Segment-wise Revenue, Results and Capital Employed

Particulars	(Rs.in crore)		
	Quarter ended		Year ended
	30-06-2006	30-06-2005	31-3-2006
1.Segment Revenue (Net Sales/Income)			
- Electrical Energy	934.04	790.90	3,249.96
- EPC and Contracts	242.18	167.62	865.45
- Others	0.17	0.50	5.15
Gross Turnover	1,176.39	959.02	4,120.56
Less: Inter Segment Revenue	0.30	-	0.15
Net Turnover	1,176.09	959.02	4,120.41
2.Segment Results			
Profit before Tax and Interest from each segment :			
- Electrical Energy	132.96	77.98	363.71
- EPC and Contracts	15.13	11.92	121.56
- Others	(0.01)	0.20	3.58
Total Segment Results	148.08	90.10	488.85
- Interest and Finance Expense	(45.93)	(43.32)	(195.98)
- Interest Income	148.11	112.51	462.96
- Other un-allocable Income net off expenditure	(53.55)	11.92	25.65
Profit before Tax	196.71	171.21	781.47
3.Capital Employed			
- Electrical Energy	3,158.76	2,871.59	3,066.09
- EPC and Contracts	266.93	367.90	360.75
- Others	2.12	(0.45)	2.19
Total Segment Capital Employed	3,427.81	3,239.04	3,429.03

Notes:

1. a. In the matter of standby charges, Maharashtra Electricity Regulatory Commission (MERC) had passed an order dated 31st May, 2004 as under:
 - i. The total liability for the financial years 1998 - 99 to 2003-04 was determined at Rs. 515.60 crore which had been debited to the Profit & Loss Account up to 31st March, 2005.
 - ii. The Tata Power Company Limited (TPC) to refund an amount of Rs. 321.13 crore (net of interest of Rs. 1.17 crore) to the Company for the said period plus interest at 10 per cent per annum commencing from 1st April, 2004 till the date of payment. As an interim order, the Hon'ble High Court of Bombay granted stay of payment by TPC, but directed TPC to provide a Bank Guarantee of Rs. 313.93 crore in favour of the Hon'ble High Court of Bombay.
 - b. The Hon'ble High Court of Bombay has disposed of both the petitions, the petition filed by TPC and the petition filed by the Company, by holding that the issues should be adjudicated within four months of the order of the Hon'ble Bombay High Court by the Appellate Tribunal for Electricity. In the interregnum, the parties to continue to pay in terms of the interim order, subject to adjustments on adjudication.
 - c. The Company's Special Leave Petitions against the interim and final orders of the Hon'ble High Court of Bombay have been admitted by the Hon'ble Supreme Court and TPC has also filed a Special Leave Petition before the Supreme Court challenging the final order passed by the Hon'ble Bombay High Court. The Hon'ble Supreme Court has since disposed of both the Special Leave Petitions with direction to TPC to file an appeal before the Appellate Tribunal for Electricity. TPC has since filed an appeal hearing of which has been completed by the Appellate Tribunal for Electricity and their judgement is awaited.
2. Depreciation for the current quarter is net of prior year adjustment aggregating Rs. 10.01 crore. Further the Company had revalued its Plant & Machinery located at Dahanu during the financial year 2003-04 and the depreciation figures shown in the unaudited financial results are net of effect of revaluation since the corresponding amount which was hitherto being withdrawn from the General Reserve is now withdrawn from the Revaluation Reserve which does not have impact on profit for the quarter.
 3. Pursuant to the Scheme of Amalgamation and Arrangement between Reliance Energy Ventures Limited ("REVL"), the Company and their respective Shareholders and creditors ("Scheme"), as sanctioned by the Hon'ble High Court of Judicature at Bombay vide order dated 23rd June, 2006 ("Order"), REVL stands amalgamated with the Company with effect only from 17th July, 2006, the date on which the certified copies of the said Order were filed with Registrar of Companies (ROC), Maharashtra, Mumbai. In terms of the Scheme, the Appointed Date of Amalgamation is the effective date i.e. 17th July, 2006. Accordingly the Scheme has no impact on the accounts of the Company for the quarter ended 30th June, 2006.
 4. Wage agreements with unionised employees and officers expired on 30th June, 2006 and 31st March, 2006 respectively. Negotiations with the unionised category are in progress for a settlement, which will be effective from 1st July, 2006. In respect of officers, pending settlement, a provision on an estimated basis has been made in the accounts for the quarter.
 5. The Company, during the quarter ended 30th June, 2006 received 2 investor complaints and both were resolved. There were no complaints pending at the beginning of the quarter.
 6. The statutory auditors of the Company have carried out the "Limited Review" of the results for the quarter ended 30th June, 2006 as per the listing agreements entered into with the stock exchanges in India.
 7. After review by the Audit Committee, the Board of Directors of the Company took the above results on record at their Meeting held on 19th July, 2006.
 8. Figures of the previous year / period have been regrouped / reclassified wherever considered necessary.

For and on behalf of the Board of Directors

Place: Mumbai
Date: 19th July, 2006

Anil D. Ambani
Chairman & Managing Director